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December 6, 2005

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2005 DEC -6 PM 3:47
SC PUBLIC SERVICE
COMMISSION

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

VIA HAND DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of Utilities Services of South Carolina, Inc. for adjustment of rates and charges and modifications to certain terms and conditions for the provision of water and sewer service; Docket No. 2005-217-WS

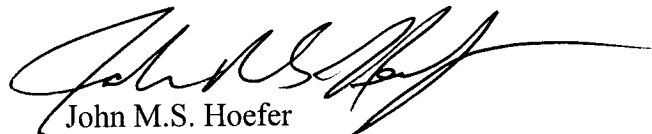
Dear Mr. Terreni:

Enclosed for filing are the original and twenty-five (25) copies of Rebuttal Testimony and supporting exhibits of Bruce T. Haas in the above-referenced docket. By copy of this letter, I am serving all parties of record and enclose my certificate of service to that effect.

I would appreciate your acknowledging receipt of these documents by date-stamping the extra copies that are enclosed and returning them to me via our courier delivering same. If you have any questions, or need additional information, please do not hesitate to contact us.

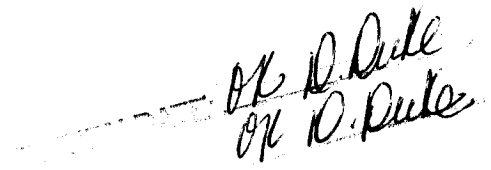
Sincerely,

WILLOUGHBY & HOEFER, P.A.


John M.S. Hoefer

JMSH/twb
Enclosures

cc: Shannon Bowyer Hudson, Esquire
Wendy B. Cartledge, Esquire



BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-217-W/S

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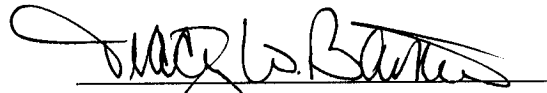
IN RE:

Application of Utilities Services of)
South Carolina, Inc. for adjustment of)
rates and charges for the provision of water)
service.)
_____)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of **Rebuttal Testimony**
and supporting exhibits of Bruce T. Haas via hand delivery addressed as follows:

Shannon Bowyer Hudson, Esquire
Wendy B. Cartledge, Esquire
Office of Regulatory Staff
1441 Main Street, 3rd Floor
Columbia, South Carolina 29201



Tracy W. Barnes

Columbia, South Carolina
This 6th day of December, 2005.

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-217-WS**

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IN RE:

Application of Utilities Services of South
Carolina, Inc. for adjustment of rates
and charges and modification of certain
terms and conditions for the provision of
water and sewer service.

**REBUTTAL TESTIMONY
OF
BRUCE T. HAAS**

1 **Q. ARE YOU THE SAME BRUCE T. HAAS THAT HAS PREFILED DIRECT**
2 **TESTIMONY IN THIS CASE?**

3 **A. Yes, I am.**

4 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS**
5 **PROCEEDING, MR. HAAS?**

6 **A. The purpose of my rebuttal testimony is to address some of the specific and**
7 general comments our customers made during the night hearing in this matter.

8 **Q. TO WHICH SPECIFIC CUSTOMER COMMENTS ARE YOU REFERRING?**

9 **A. The comments of Ms. Linda Hogan Fick and Ms. Anne Shugart.**

10 **Q. WHAT IS THE COMPANY'S RESPONSE TO MS. FICK'S COMMENTS?**

11 **A. As an initial matter, the Company regrets that Ms. Fick found our performance**
12 with respect to the condition of her property after installation of a new sewer main to be
13 unacceptable. On the day following the night hearing, Company personnel met with Ms.

1 Fick on site and advised her that steps would be taken to address her concerns. Ms. Fick
2 was given an opportunity to point out to a Company representative the specific areas on
3 her property which she believed required attention. Remnants of the clay pipe from the
4 old sewer main and large rocks which were unearthed during the project have now been
5 removed; we have also added more fill material, re-graded and landscaped the affected
6 areas. I am attaching hereto as BTH Rebuttal Exhibit 1 photographs of the affected areas
7 which were taken on Friday, December 2, 2005. We believe that the foregoing efforts are
8 a reasonable response to these customers' concerns – particularly given the fact that the
9 conditions arose from the replacement of old clay sewer piping material with modern
10 PVC piping material in an effort to improve a system which Ms. Fick stated had been
11 neglected by prior owners.

12 **Q. MR. HAAS, COULD YOU EXPLAIN TO THE COMMISSION THE REASON**
13 **WHY THE AREA ON MS. FICK'S PROPERTY WAS LEFT IN THE**
14 **CONDITION SHE DESCRIBED AT THE NIGHT HEARING?**

15 A. Yes. Much of the area where the sewer main is located is low-lying, wooded
16 property that is secluded from the yards and gardens of the adjacent property owners.
17 This is evident from the photographs that Ms. Fick provided to the Commission at the
18 night hearing. As Ms. Shugart stated in her testimony, the area in which the sewer main
19 lies forms a path through a wooded area. Due to the low-lying nature of this property, it
20 is prone to flooding. That is the reason why the manhole covers have concrete collars on
21 them to protect against inflow into the system by flood waters. This portion of Ms.
22 Fick's property is normally damp due to its low-lying topography and the area was the

1 subject of heavy rainfall prior to the commencement of the installation work. Therefore,
2 when the contractor brought heavy equipment into the area, deep depressions in the soil
3 resulted. Although fill material was installed and the area graded, another heavy rainfall
4 subsequent to the initial filling and grading created rivulets of water that caused new
5 depressions in the soil. Notwithstanding these conditions, the contractor should have
6 done a better job of leveling and clearing the area prior to completion of the installation
7 and we have taken steps to insure that the contractor's performance in this regard
8 improves.

9 **Q. MS. FICK ALSO EXPRESSED CONCERN WITH AN EXPOSED WATER**
10 **MAIN; IS THAT WATER MAIN ON HER PROPERTY?**

11 A. No, it is not. It traverses a storm drainage ditch that is located in woods near her
12 property.

13 **Q. WHY IS THE WATER MAIN EXPOSED?**

14 A. As the photograph Ms. Fick provided to the Commission shows, there is a storm
15 water pipe that discharges directly on to the area where this main is located. As a result,
16 the ground in which the main was originally set has eroded. As Ms. Fick noted, however,
17 exposure of the main is not a violation of any rules or regulations regarding the
18 installation of water facilities which have been promulgated by the Department of Health
19 and Environmental Control, or DHEC.

20 **Q. WOULD IT BE PRACTICAL TO FILL IN OVER THE WATER MAIN?**

21 A. No, it would not. Filling in the area where the storm water drains would only be a
22 temporary fix since future drainage will erode the soil again. Furthermore, filling that

1 area in would impede the storm water drainage and thus cause erosion of soil on the
2 banks of the existing drainage ditch.

3 **Q. HAS THE COMPANY TAKEN ANY STEPS TO ADDRESS MS. FICK'S**
4 **CONCERNS IN THIS REGARD?**

5 A. Yes. Company officials met on site with Mr. Joe Faris of the DHEC Catawba
6 region office and Ms. Fick back in 2003. At Mr. Faris' suggestion, we replaced the PVC
7 piping used for the main with ductile iron piping (DIP), which was completed on October
8 8, 2003, some two years ago. The DIP piping (black in appearance) is actually shown in
9 the photograph provided by Ms. Fick. This is a sturdier piping that will better resist
10 sagging and thus significantly reduce the he possibility of a line break.

11 **Q. MR. HAAS, WHAT COMMENTS DO YOU HAVE REGARDING THE**
12 **STATEMENT OF MS. FICK AND OTHERS THAT THE WATER SUPPLIED BY**
13 **THE COMPANY IN THE SHANDON SUBDIVISION CONTAINS TOO MUCH**
14 **CHLORINE?**

15 A. My first comment is that the amount of chlorine required to eliminate
16 bacteriological threats to safe drinking water is set by DHEC regulations and can be
17 influenced by a variety of factors, including whether the water source is surface water or
18 groundwater. Although some customers may not like the effect chlorination has on the
19 taste and odor of the water, the subjective views of some customers in this regard is not
20 evidence that the water is being over-chlorinated. Moreover, I would note that the water
21 "samples" Ms. Fick provided at the night hearing, in addition to not having been tested
22 by a DHEC certified laboratory for chlorine content, did not have an excessive odor of

1 chlorine in my opinion. Finally, in its most recent sanitary survey of the water system
2 serving Ms. Frick's subdivision, DHEC found that the chlorine levels of the two
3 operating wells was acceptable. Attached to my testimony as BTH – Rebuttal Exhibit 2
4 is the portion of the April 11, 2005 sanitary survey report by DHEC indicating that
5 chlorine levels were both below the maximum allowed level of 4.0 mg/l. (Both chlorine
6 levels listed were <1.0 mg/l.)

7 **Q. REGARDING MS. SHUGART'S COMMENTS, CAN YOU EXPLAIN WHY**
8 **BLUE PIPING WAS STORED IN HER YARD?**

9 A. Yes. This blue piping was the new PVC material that was used by the Company
10 in replacing the clay pipe in the sewer main. The pipe was temporarily stored on her lot
11 because it is one of the lots on which a Company well is located and which is subject to a
12 one hundred foot diameter pollution free zone required under DHEC regulations. Of
13 course, since the installation of the new sewer main is completed, the blue piping is no
14 longer on site. There was no excavation in this area and, to my knowledge, no restoration
15 of property needed as a result of this temporary storage.

16 **Q. MS SHUGART ALSO INDICATED CONCERN OVER THE FACT THAT**
17 **COMPANY PERSONNEL ARE ON HER PROPERTY NEARLY EVERY DAY;**
18 **WOULD YOU PLEASE EXPLAIN WHY THAT IS THE CASE?**

19 A. Yes. DHEC regulations require daily monitoring of public water systems. In
20 order to comply with these regulations, Company personnel must visit the well-house on
21 a daily basis. As I noted, the well-house is located in an easement on Ms. Shugart's
22 property.

1 **Q. MS. SHUGART AND OTHER CUSTOMERS ALSO EXPRESSED**
2 **DISSATISFACTION WITH THE TASTE AND ODOR OF THE WATER;**
3 **WOULD YOU PLEASE ADDRESS HER COMMENT IN THAT REGARD?**

4 **A.** As I noted earlier when I discussed Ms. Fick's comments, water odor and taste are
5 necessarily subjective determinations. Although Ms. Shugart did not specifically
6 mention chlorine as the odor she found objectionable, I would note again that our
7 chlorine treatment levels in the Shandon Subdivision are within the parameters
8 established by DHEC. One resident of the Ridgewood Farms Subdivision, complained of
9 excessive chlorine. However, in the most recent DHEC sanitary survey for that system, a
10 copy of which I attach as BTH Exhibit 3, no problems with excessive chlorine were
11 noted. Consistent with that, the ORS water system inspection report for the Ridgewood
12 System reflects that the water is free from observed odor.

13 **Q. MR. HAAS, ONE CUSTOMER STATED TO THE COMMISSION THAT THE**
14 **COMPANY'S RATES ARE HIGHER THAN RATES THAT ARE CHARGED TO**
15 **RESIDENTS OF THE CITY OF ROCK HILL; WOULD YOU PLEASE**
16 **COMMENT ON THAT?**

17 **A.** Yes. We do not believe that it would be appropriate for the Commission to set
18 our rates based upon what some other entity may charge its customers. Governmental
19 entities like the City of Rock Hill have the ability to raise "cost-free" revenue by way of
20 property taxes. And, to the extent that it has to borrow money, the City has bonding
21 capacity which allows it to acquire debt capital at a much lower cost than that which a
22 private entity incurs in commercial capital markets. Also, the City has no obligation to

1 shareholders to make a profit, nor does it pay taxes. And, the City has the ability to
2 charge customers higher rates to its customers who do not live in the City, which
3 subsidizes the rates paid by residents. So, service rates charged by governmental entities
4 to resident customers should be lower than those of a private entity.

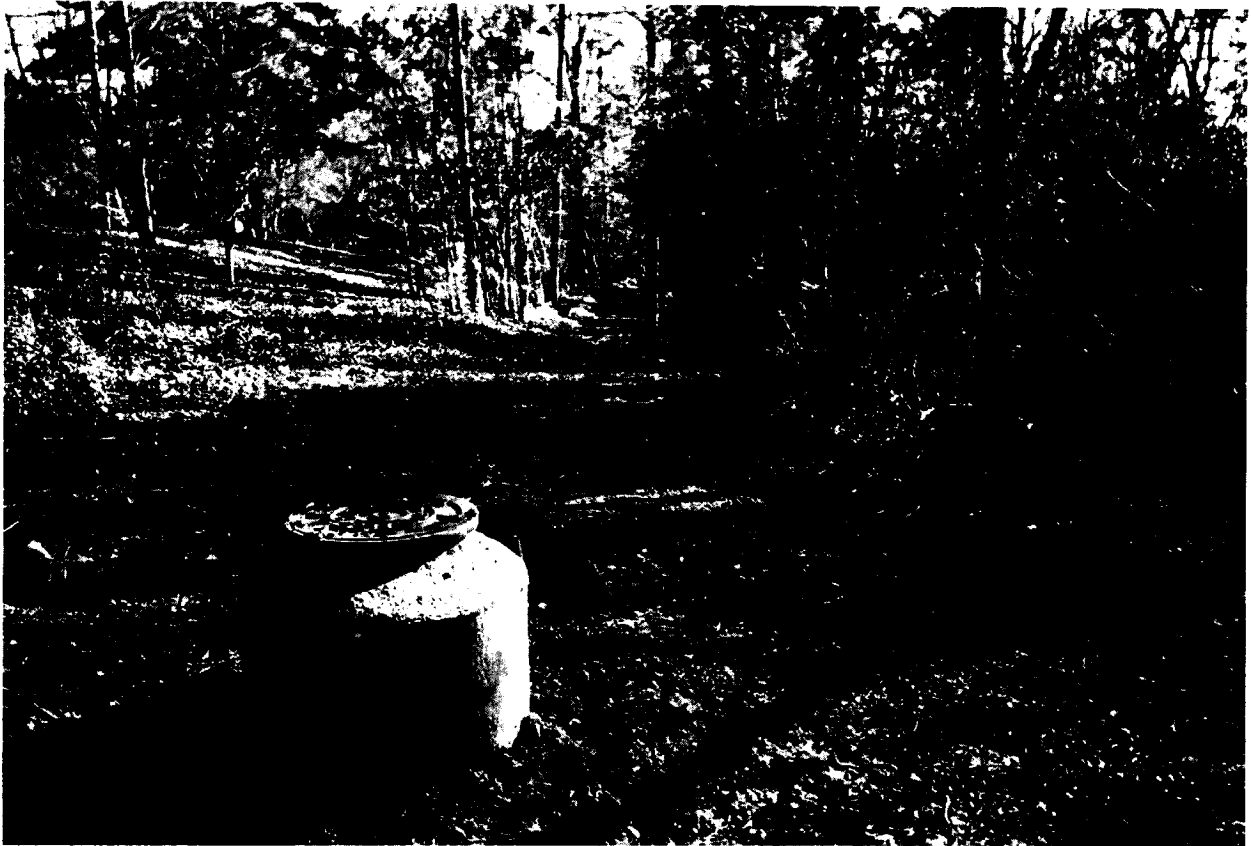
5 **Q. SOME CUSTOMERS STATED THAT THE COMPANY'S SERVICE IS AN**
6 **IMPROVEMENT OVER THAT PROVIDED BY PRIOR OPERATORS OF THE**
7 **SYSTEM, WHILE OTHERS STATED THAT SERVICE HAD NOT IMPROVED;**
8 **WOULD YOU PLEASE COMMENT ON THAT?**

9 A. Yes. As I stated in my direct testimony, more than half of the water systems
10 acquired by the Company in October of 2002 were not in compliance with DHEC rules
11 and regulations. Similarly, the four sewer systems were in various states of disrepair.
12 Through a variety of capital projects and expenditures, we have endeavored to make
13 improvements and have documented for the Commission nearly two and one quarter
14 million dollars worth of plant additions since October, 2002. Some of these
15 improvements, like the replacement of eight hundred feet of sewer main in Shandon
16 subdivision, do not result in benefits that are visible to customers. Also, like any
17 organization, the Company has limits with respect to the manpower which can be devoted
18 to capital project initiation and completion. Thus, staging of improvements is necessary.
19 Although not all customers may see the improvements in service, it is our goal make
20 improvements where necessary for the benefit of all customers.

21 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

22 A. Yes, it does.





System name: USSC/SHANDON S/D

em number: 4650009

Last Survey: 06/16/2004

Survey Date: 4/11/05

Comments

Well 1 - Cl₂ 0.98
PH 6.7
1130 Pressure 52 psi

Chemical level 40
Meter: 1485060

Post MSDS sheet
Label Cl₂ container

Well 2 - Cl₂ 0.83
PH 6.56
1100 Pressure 60 psi


chemical level
Meter: 5147000


Post MSDS sheet
Label Cl₂ container
Label Log Book to System #
well #

Well 3 - Cl₂ > offline
PH. due to repairs

Meter 17250
tank painted
New well house

Post MSDS sheet
Label container


DHEC Representative


System Representative


Title

S. C. Department of Health and Environmental Control - Bureau of Water

PUBLIC WATER SYSTEM SANITARY SURVEY REPORT
GROUNDWATER SYSTEMS

System Name : USSC/RIDGEWOOD

System Number: 4650031

LAST SURVEY: 04/01/2003

SURVEY Date: 5/27/04

SOURCE:

- | | |
|--------------------------------|---------------------------------------|
| 1. Quantity..... S | 21. Sample siting plan..... <i>YS</i> |
| 2. Protection from contam... S | 22. Disinfectant Residual... S |
| 3. Security..... S | STORAGE: |
| 4. Wellhead piping..... S | 23. Capacity..... S |
| 5. Pumps..... S | 24. Sanitary protection..... S |
| 6. Flow meter..... S | 25. Security..... S |
| | 26. Bypass/drain/tap..... S |
| | 27. Maintenance..... S |

WATER TREATMENT:

- | | |
|-----------------------------------|--------------------------------|
| 7. Filtration..... S | OPERATIONAL CONTROL: |
| 8. Equipment O & M..... <i>YS</i> | 28. Certified operator..... S |
| 9. Chemical storage..... S | 29. Testing equipment..... S |
| 10. Chemical feed rooms..... S | 30. Monitor/Rpt/Record keep. S |
| 11. Chemical inject pt/sam... S | GENERAL O & M: |

DISTRIBUTION:

- | | |
|----------------------------------|---|
| 12. Water Quality..... S | 31. Plant Security..... S |
| 13. Operation & Control..... S | 32. Facility maintenance..... <i>YS</i> |
| 14. Adequate pressure..... S | 33. Supplies/spare parts..... S |
| 15. Fire flow..... S | 34. Waste disposal..... S |
| 16. X-Connection control..... S | 35. Procedures manual..... <i>YS</i> |
| 17. Valve/hydrant maintenance. S | EMERGENCY OPERATION: |
| 18. Flushing program..... S | 36. Stand-by power..... S |
| 19. Leak detection/Rp..... S | 37. Emergency plan..... <i>YS</i> |
| 20. System map..... <i>YS</i> | Misc. Old Survey |
| | 38. CCR..... |

A. System Group (I - V).....

B. Operator Grade

- | | |
|--------|---|
| A..... | 0 |
| B..... | 0 |
| C..... | 0 |
| D..... | 0 |
| T..... | 0 |

C. Field Tests

- | | |
|---------------|---|
| Chlorine..... | D |
| pH..... | |
| psi..... | |
| Other..... | |

D. Samples Taken

- | |
|----------------------|
| Bacteriological..... |
| Inorganic..... |
| Organic..... |
| Radiological..... |
| Other..... |

E. Type Inspection... ROUTINE

F. Are All Services Metered?.....

Percent Metered..... 0

G. Is System Presently Under Order.

H. If Yes, is System Complying w/ Order.

I. Follow-up Scheduled?.....

Date Scheduled..... / /

J. Overall Rating..... S

Operator/Owner Present?..... *Y*

COMMENTS

System refurbished/replaced all new tank, pipes, house
X Nolan logged on site

DHEC Representative

System Representative

Title

DHEC 2113 (Rev 02/91)

Report Date: 04/23/2004